

Commission on Streamlining Government

Senator Jack Donahue, *Chairman*
Roy O. Martin, *Vice Chair*
Angele Davis, Commissioner of
Administration
Barry Erwin
Brett F. Geymann, Representative
Leonel Hardman
John Kennedy, State Treasurer
Lansing Kolb
Mike Michot, Senator
Jim Morris, Representative



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Trudy Fourmy, *Secretary*

MINUTES

Tuesday, October 27, 2009

1:00 p.m.

Senate Committee Room A-B

DATE APPROVED: November 3, 2009

I. CALL TO ORDER

A meeting of the Commission on Streamlining Government was held on Tuesday, October 27, 2009, in Senate Committee Room A-B of the State Capitol in Baton Rouge, Louisiana. Senator Donahue, Chairman, called the meeting to order at approximately 1:09 p.m.

II. ROLL CALL

The secretary called the roll and the following was noted:

MEMBERS PRESENT

Senator Jack Donahue
Representative Jim Morris
State Treasurer John Kennedy
Angele Davis, Comm. of Administration
Barry Erwin
Roy Martin
Leonel Hardman
Lansing Kolb
Senator Mike Michot
Representative Brett Geymann

MEMBERS ABSENT

STAFF PRESENT

Jerry Guillot, Chief of Staff
Tim Prather, Coordinator
Trudy Fourmy, Secretary

WITNESSES PRESENT:

Rep. Robert Billiot
Alison Neustrom, La. Assoc. Non-Profit Orgs.

III. APPROVAL OF MINUTES

Senator Donahue notified the commission that the minutes to the meetings of 9-29-09, 10-01-09, 10-20-09, and 10-13-09 were in the folder for approval. Mr. Martin motioned that they be adopted; no objections.

IV. RECEIVE ADVISORY GROUP RECOMMENDATIONS

Mr. Kennedy was first to make additional recommendations on behalf of the Efficiency and Benchmarking Advisory Group. They were as follows:

AGEB #24 Make pretrial mediation of disputed claims filed with the Office of Workers Compensation voluntary, which will eliminate the need for six attorney mediators at the Office of Workers Compensation at an average annual savings of \$75,000 for each mediator.

Mr. Kennedy explained that they had received testimony that the OWC employs 11 full time mediators at a cost of \$825,000. They have been able to settle only 15-30% of the mediations. OWC concurs with this recommendation which would make mediation voluntary for a total savings of \$450,000 per year.

AGEB #25 The Department of Revenue be authorized and directed to establish provisions on its website so that taxpayers may ask questions about tax notices and receive answers online, through email, and that allow taxpayers to file an appeal of an alleged delinquency online.

Mr. Kennedy stated this program would be similar to the Connecticut program. At present, if people do not respond, it is presumed that the money is owed. At present, everything is done in writing or on the phone. Senator Donahue questioned how the notices were mailed and if they were certified for records. Mr. Kennedy responded that not all of the notices are sent by registered mail. This recommendation would not change their ability to send the notice by mail, it would just allow the taxpayer to respond on-line.

AGEB #26 Departments and agencies of state government to contract with the Department of Revenue to have their document and remittances processing performed by the Department of Revenue until the Department of Revenue's equipment is used as close to 100% of the time as is practical and possible.

Mr. Kennedy informed the commission that Revenue has a state-of-the-art document and remittance processing system that is idle 58% of the time. Other agencies that process documents and remittances similar could contract with Revenue to handle this for them. He did not know what the savings would be.

AGEB #27 Louisiana Workforce Commission audit program for unemployment insurance taxes be transferred to the Department of Revenue and that no more than 75% of the

monies spent by the Louisiana Workforce Commission to perform this service be appropriated annually to the Department of Revenue to perform the service.

Mr. Kennedy stated that the workforce commission has an audit program that audits business people for unemployment insurance and the advisory group recommends that we transfer that function to Revenue along with 75% of the money, which will save 25%. Workforce Commission was present at the advisory hearings but did not testify on this.

AGEB #28 Department of Natural Resources field audit program for royalties be transferred to the Department of Revenue and that no more than 75% of the monies spent by the Department of Natural Resources to perform this service be appropriated annually to the Department of Revenue to perform the service.

Mr. Kennedy stated that DNR has a field audit program for oil companies and that Revenue also audited oil companies and that DNR's audit could be transferred to Revenue. Savings would be 25%.

AGEB #29 Audit functions and responsibilities of the International Registration Plan currently administered by the Department of Public Safety and Corrections to the Department of Revenue, which currently performs audits for the International Fuel Tax Agreement, and that no more than 75% of the monies spent by the Department of Public Safety and Corrections to perform these services be appropriated to the Department of Revenue to perform the services.

Mr. Kennedy stated this one did the same as the above one except that it pertained to the International Registration Plan. This also would save \$25%. With all of the above, it would consolidate all of the auditing in the state, which would be better for businesses by only being visited by one rather than 3 different agencies.

Senator Donahue asked if it were possible to combine all of the audit recommendations into one.

AGEB #30 Inefficient and circular flows of tax payments and tax credits be eliminated by having the state make a direct payment to the local government or entity levying the tax or surcharge for which tax credits are taken.

Mr. Kennedy gave an example of the reason for this recommendation. The recommendation would take the business people out of the middle and allow the state to write the check to local government. Revenue agreed to this process.

AGEB #31 All departments and agencies of La. state government to contract with the Department of Public Safety & Corrections for prison labor to perform cleaning and janitorial services

Mr. Kennedy stated that we use this type labor to perform work at the Capitol and other agencies, but Revenue, LSU, and a number of other agencies do not. All that would need to be paid for is transportation, etc. Senator Donahue stressed that the verbiage "where practical" would not mandate that it be done. Corrections is running some numbers to see how much they could handle.

AGEB #32 Department of Health & Hospitals be directed to immediately and fully implement the provisions of RS 22:1065 et seq., better known as the "Baby Bill" as well as the Louisiana Health Insurance Premium Payment Program and that DHH report to the La. Legislature on a semi-annual basis its results to fully implement these two provisions of La. law.

Mr. Kennedy stated that this item would require health care professionals to notify the state when the child has Medicaid or is eligible for it but also eligible for private insurance through the parents. It would be cheaper for the state to pay the premium for the child through the parent's private insurance, plus the coverage would be better. Proper implementation of this could save the state as much as \$100 million. They are asking DHH to step it up. Senator Donahue asked a question referring to who paid the premium and if they would wait for reimbursement. He added that there was a problem getting legislation passed on this.

AGEB #33 The preferred drug list program for Medicaid be changed to provide for the two, and only the two, most effective therapeutic drugs that are also the cheapest for each illness. (This includes both generics and brand name drugs that offer rebates). This will eliminate hundreds of less effective and more expensive drugs from the preferred drug list and could save taxpayers tens of millions of dollars.

Mr. Kennedy explained that DHH had a preferred drug list for Medicaid and if the recipient's medication was on that drug list, a physician only has to call in the prescription. If the drug is not on the preferred list, the physician, in order to prescribe the drug, has to get special permission from Medicaid to prescribe it. Testimony has shown that there are too many drugs on the drug list. Based on that testimony, the recommendation is to have only 2 drugs, selected by DHH, for each illness, the two most effective, yet cheapest. This will save \$10 million, according to DHH. Senator Donahue asked that there be follow up to get those numbers from DHH. Mr. Kennedy explained that this would not go without controversy as he had already heard from the pharmaceuticals industry.

V. CONSIDERATION OF ADVISORY GROUP RECOMMENDATIONS

Senator Donahue announced that these were items that have been recommended and now they were up for approval. He reminded the commission that each of the items has already been through the commission, but that if there were controversial items on the list, he wanted to skip those items and dispose of the noncontroversial ones first and then go back to the controversial ones.

The first recommendations to be considered were the ones from the advisory group on Outsourcing, Privatization & Risk Management. Mr. Guillot explained that these were taken from the original listing that Mr. Martin submitted and if there is anything that needs to be added or changed, it needs to be done as an amendment. Mr. Martin stated that since these were just recommendations, they would have to be word-smithed and were not meant to be a perfect plan of implementation.

AGOPRM #1 Reduce total number of state-owned automobiles to 2004 level

Mr. Martin explained that some of the recommendations had been shortened and that the original presentation would be the one voted on. On this particular recommendation it would take over a year to do. Commissioner Davis wanted to clarify that there was a fiscal note on this one that had a total

number of 12,760 vehicles in the state fleet and 10% could be eliminated without impacting the operation of that agency. An additional 10% of the fleet can be eliminated through attrition over a 12 month time frame but would need assurance that the recommendation includes higher education and universities in order to be able to accommodate the objective. If done immediately, it would end up costing the state rather than saving money. Mr. Martin confirmed that this recommendation did include higher education. There were no objections to the recommendation.

AGOPRM #2 Reduce total number of automobiles by 20% and convert many agency fleets to rental.

Commissioner Davis reiterated that this needs to be done over a 12 month period in order for dollars to be saved. There were no objections to the recommendation.

AGOPRM #3 Hold department heads accountable for poor safety performance by department employees.

Mr. Guillot commented on the need for motions to adopt these recommendations as we are discussing them. Senator Donahue returned to the previous three items and motioned that they be adopted. There were no objections to any of the above three recommendations.

AGOPRM #4 Hire a safety consulting firm to train poorly performing department personnel to prevent work-related accidents.

Mr. Martin explained that this recommendation was related to #3 above. Mr. Hardman asked if this could be done in-house by identifying the areas and holding the necessary authority accountable to address the problem. Mr. Martin stated that many of the departments did not have this on their radar and that there were very good outside programs. Mr. Erwin questioned limitations and suggested language change to not mandate it to be outside if it could be done in-house if possible. He wanted to keep flexibility in some of the recommendations. Mr. Martin answered that the poorly performing areas are the ones that should contract. Mr. Erwin stated that he wanted it to be explicit as to who we are talking about and not to limit small departments. He did not want a mandate for all departments to have to do this. Mr. Martin gave an example of the VA home in Monroe. An amendment was proposed to change the wording to "hire a safety consultant when necessary to train poorly performing employees". There was no objection to adoption of the amendment. There was no objection to the adoption of the recommendation.

AGOPRM #5 Consolidate the collection of accounts receivable and outsource the entire operation

Mr. Martin testified that collection of receivables is a problem throughout the state and they should be consolidated into one group and then outsourced. This is subject to whether outsourcing is feasible and an RFP is needed. Treasurer Kennedy stated that something needed to be done about the problem. Commissioner Davis commented that Treasurer Kennedy's recommendation stated it should be the responsibility of the Cash Management Review Board. If individual agencies would like to explore outsourcing, some of them already do, so there is opportunity to evaluate the effectiveness of doing this. Mr. Kennedy stated that the problem was that most receivables are held under jurisdiction of the governor. He added that someone needed to be put in charge so they could

get help to keep them current. Mr. Martin added that it did not have to be totally outsourced, but maybe just those over 90 days delinquent. Mr. Erwin asked if this would be the exact recommendation that would appear, because there are a lot of uncaptured things in it. Mr. Martin answered that these proposals have been out since 10/07. Mr. Erwin wanted to know about the final report and if it would have the condensed lines without the detail. He wanted the whole recommendation to capture the details.

Mr. Erwin had concerns with the recommendation. Ms. Davis commented that the report referred to will have rolling amounts of collectibles which is updated on a quarterly basis. Mr. Martin motioned that an amendment be adopted to read what was first presented to the commission which was "The advisory group recommends that all departments accounts receivables be collected and consolidated into one management group and that an RFP be written to see if outsourcing the state's accounts receivable would be beneficial." Mr. Erwin stated he was not against the recommendation, he just wanted clarity on what it was that we were voting on. There were no objections to the amendment being adopted. There were also no objections to the adoption of the recommendation.

AGOPRM #6 Require nonresident contractors to include tax ID number on each permit and proof that contractor has completely registered to do business in Louisiana

Mr. Martin stated this recommendation was self-explanatory. There were no objections to Mr. Martin's motion for adoption.

AGOPRM #7 Increase number of auditors to increase compliance.

This recommendation regarded the Department of Revenue. Mr. Martin informed everyone that the other part to this recommendation was to redefine current TO's to include "auditors". He added that this had not been included in the original recommendation. An amendment was proposed for that and to add "for redirecting employee definitions". Mr. Martin stated that the recommendation was for the Department of Revenue increase the number of auditors through redirecting employees to increase compliance. There were no objections to the amendments. There were no objections to the adoption of the recommendation.

AGOPRM #8 Move DSS printing and mail operations to private company

Mr. Martin explained that this would save between \$500,000-\$750,000. There were no objections to the adoption of this recommendation.

AGOPRM #9 Transition Medicaid to integrated delivery system with care coordination.

Mr. Martin stated this involved DHH and was a very large recommendation that was condensed into a one-liner. DHH would put in infrastructure to coordinate the care of Medicaid patients so they would not seek service providers without coordination. Mr. Erwin wanted to note that this was a very large thing and had a degree of controversy. He preferred other language to be in it but did not have it at this time. There were no objections to the motion to adopt the recommendation.

AGOPRM #10 Partially privatize centers for developmentally disabled by transferring residents to private centers or transitioning them to community-based services, and consolidate state run centers.

In anticipation of Mr. Erwin's comments earlier, Mr. Martin wanted to change the wording to say "The advisory group recommends that the Department of Health & Hospitals solicit qualified providers to partially privatize centers for developmentally disabled by transferring residents to private centers or transitioning them to community based services. The advisory group further recommends that the Department of Health & Hospitals consolidate state run centers. The solicitation should be competitively based on cost and quality experiences and the contract should contain incentives to reduce costs and compliance with regulatory requirements." Rep. Geymann confirmed with Mr. Martin that all 8 homes would not be closed, but rather privatize what we can through RFP and consolidate others. There were no objections to the adoption of the amendment. There were also no objections to the adoption of the recommendation.

AGOPRM #11 Implement a competitive bid process to redirect services from public health units to local providers (such as FQHC's and RHC's)

Mr. Martin explained this recommendation to the commission. There were no objections to the adoption of it.

AGOPRM #12 Consolidate DHH operated inpatient mental health services in New Orleans area. Expand community-based outpatient mental health services in New Orleans area.

Mr. Martin read this recommendation and wanted to substitute some language in it to read "consolidate the DHH operated inpatient services in the greater New Orleans area". There were no objections to the amendment. There were no objections to the adoption of the recommendation.

AGOPRM #13 Privatize DHH community homes, independent living clients and extended family living clients

Mr. Martin stated there should be an RFP to see if the cost savings would be realized. Mr. Erwin asked for an amendment to add "review an RFP to privatize DHH community homes, independent living clients and extended family living clients". There were no objections to the amendment. There were no objections to the adoption of the recommendation.

AGOPRM #14 Eliminate projects in Capital Outlay Act that exceed the cash line of credit capability

Mr. Martin asked to withdraw this particular proposal. There were no objections.

AGOPRM #15 Outsource all aspects of food services.

Mr. Martin stated that an amendment needed to be added to clarify "an RFP be written to review saving potentials for outsourcing of all aspects of food services for the Department of Public Safety

& Corrections". There were no objections to the adoption of the amendment. There were no objections to the adoption of the recommendation.

AGOPRM #16 Outsource data entry for archiving lease records

Mr. Martin stated this was a recommendation from Natural Resources and that it needed an amendment to state "to review an RFP to outsource data entry for archiving lease records".

There were no objections to the amendments. There were no objections to the adoption of the recommendation.

AGOPRM #17 Change inspection of plugged and abandoned wells to self reporting affidavit.

Mr. Martin offered an amendment to state "The advisory group recommends the Department of Natural Resources change the inspection of wells to a self reporting affidavit from the operator". There were no objections to the amendment. Mr. Erwin stated he would be more comfortable with exploring this and did not know about self-reporting. He was hesitant about this until DNR approved it. Mr. Martin reminded him that this was from the Secretary of the Department. Mr. Erwin had a personal concern if self-reporting was the right way to go. Ms. Davis informed Mr. Erwin that DNR was to do a pilot program. Mr. Martin accepted her suggestion to add that it be a "pilot program". Mr. Kennedy discussed penalties. Rep. Morris stated that he hoped that the department would look at the possibility of not allowing any operator that is not in good standing to be considered. He thought there should be some very enforceable and strict penalties if not adhered to properly. Mr. Martin changed his original wording of his proposed to amendment to read "the Department of Natural Resources start a pilot program to review changing self-inspection of wells to a self-reporting affidavit with appropriate penalties for non-compliance." There were no objections to the amendment. There were no objection to the adoption of the recommendation.

AGOPRM #18 Electronic reports by energy producers.

Mr. Martin handled this recommendation by stating it would allow DNR to require energy producers to submit electronic reports instead of paper reports. There were no objections to the adoption of the recommendation.

AGOPRM #19 Manage workers' compensation claims on-line

Mr. Martin asked for acceptance of this one and stated that there should be an RFP to look at the possibility of outsourcing this. There were no objections to the adoption of this recommendation.

AGOPRM #20 Eliminate Second Injury Fund

There was an amendment for this one. Mr. Martin wanted to change the language to "Eliminate, over time, the Second Injury Fund". There were no objections to adoption of this amendment. There were no objections to the adoption of the resolution.

Mr. Erwin, Chair of the Duplicative and Non-Essential Services, presented their recommendation.

AGDNES #1 Supervisor to employee ratio (1:5 to 1:8) acquired from Council on Accreditation for Social Services organizations.

Mr. Erwin agreed to add some verbiage to this recommendation to say "La. Department of Social Services should implement, on average, a 1:8 supervisor to employee report ratio". This would broaden the span of control in the department from the 1:5 that it has been, noting that they have programs that they do have a tighter span of control. They are also looking at a recommendation to span this to other parts of state government. The exact amendment language would be adding "on average" to the current verbiage. There were no objections to his amendment. DSS is already in the process of trying to implement this. There were no objections to the adoption of the recommendation with the amendment.

Mr. Kennedy then presented the recommendations of the Efficiency and Benchmarking Advisory Group.

AGEB #2 The governor and the legislature authorize and direct the LSU Health System to adopt the recommendations of Alvarez and Marsal for the operation of the interim Charity Hospital in New Orleans. The governor and legislature direct each other charity hospital in La. to contract for a similar financial and operational assessment with a third-party private sector consulting firm, such as but not necessarily Alvarez and Marsal, that specializes and has a proven track record in turnaround management, corporate restructuring and performance improvement for institutions and their stakeholders.

Mr. Kennedy explained this recommendation to the commission. He discussed the report of Alvarez and Marsal. Mr. Erwin was concerned with not seeing all the recommendations and if we would really want to direct other facilities to pay for an outside consultant survey. Senator Donahue liked the idea of requesting the charity hospitals to get such a report. Mr. Erwin suggested maybe changing the wording to state "recommend or encourage" which would leave some flexibility. Mr. Erwin wanted to change the wording to state "the interim charity hospital in New Orleans or LSU Health System strongly consider all the recommendations of Alvarez & Marsal". He wanted to say "LSU Health System strongly consider the recommendations of Alvarez & Marsal" and also state "The commission also recommends that other charity hospitals in La. consider contracting for similar financial operation" without the third-party administrator thing. Commissioner Davis suggested that the change be "The governor and legislature recommends that each other charity hospital in La. pursue a similar financial and operational assessment with an appropriate third-party consulting firm or appropriate governmental entity". Treasurer Kennedy objected to the proposed amendment because Alvarez & Marsal did a report and found \$72 million in savings. He stated that he would not object to saying that they have to implement the recommendations unless they have permission from the Joint Budget Committee to do otherwise. He thought that there would be substantial savings at all the hospitals. Mr. Martin agreed with Mr. Kennedy and objected to the amendment. Mr. Erwin said they should respond to why they do not pursue the assessment, but that there can be flaws in those assessments. Mr. Erwin asked that this recommendation be skipped over for the time being so that he could work on an amendment. There were no objections to the request.

AGEB #3 To limit the number of emergency room visits to two annually for treatment of non-emergency medical conditions for Medicaid enrollees under La's Medicaid Program

who wish to have Medicaid pay for their treatment, and for patients who are not covered by a public or private insurance program, and therefore are uninsured, and who wish to receive their treatment without cost or substantially without cost because they are unable to pay for their treatment.

Senator Donahue requested to skip over this item for the time being. There were no objections to his request.

AGEB #4 To place jurisdiction over all receivables by all departments in La. state government with the Cash Management Review Board and to require that the State of Louisiana Receivables Report be compiled and published no later than 60 days after the end of every quarter.

Mr. Kennedy presented this recommendation and asked for a favorable adoption. There were no objections to adoption of this recommendation.

AGEB #5 Provide that a La. state prisoner, except those determined to have certain disabilities, who does not have a high school diploma, or who has not passed the General Education Development test (GED) certifying that he has American high school academic skills, shall not be eligible for probation or parole until he has passed the GED through a program offered by the La. DPS&C. To provide funds to the DPS&C for this responsibility.

Senator Donahue asked that this one be passed over for the time being. There were no objections.

AGEB #6 Prohibit all state appropriations to non-governmental entities.

Senator Donahue was under the impression that this one would be controversial and asked that we pass over it.

AGEB #7 Create a self-perpetuating revolving loan fund which would be available to local governments for purpose of financing local government projects through low interest rate loans rather than funding local government projects through the capital outlay process.

Mr. Kennedy explained this recommendation by stating it would create a state funded infrastructure bank that would make low/no interest loans to local governments with very attractive terms through which they would finance their projects as opposed to capital outlay. He listed the states that already have this. Senator Michot stated they had discussed this in Capital Outlay and asked questions regarding exceptions for critical infrastructure needs. Rep. Morris objected to this recommendation as it left too many gaps and too many hurdles. A vote was taken on the adoption. With a vote of 5 yeas (Donahue, Martin, Davis, Kennedy, Kolb) and 4 nays (Geymann, Hardman, Michot, Morris) and 1 abstain (Erwin), the motion failed to pass. Mr. Guillot explained that under the rules, on adoption of final recommendation, it would take a majority of the commission (6) voting for it in order for it to pass.

AGEB #8 Direct the Division of Administration to cease implementation of the ERP Project until a cost-benefit plan can be performed

Mr. Kennedy requested that this recommendation be withdrawn. There were no objections.

AGEB #9A Require that all La. public school students who have been suspended from school for more than five days in a school year or who have more than ten unexcused absences from school in a school year be required to enroll in the La. National Guard Youth Challenge Program or alternatively, be placed in the La. Dept. of Education's Jobs for America's Graduates (JAG) Program. To pay for increased enrollment in the Youth Challenge Program and/or the JAG Program with Minimum Foundation Program funds. To change La. law to prohibit students from dropping out of school until they have reached 18 years of age.

Treasurer Kennedy stated that the advisory group heard testimony that we lose 80 students a day to dropping out of school and stated that the Dept. of Education disputes the statistics he referred to. He referred to a study that had been done. Mr. Erwin stated he had problems with some aspects of this recommendation, one being that the Youth Challenge Program is a voluntary program where children participate with their families and parents. His concern was mixing a population of children going involuntarily with those that are there voluntarily and what it would do to the way the program works. He stated that the National Guard was concerned about this. His other concern was mandating participation in programs.

Commissioner Davis echoed the same concerns. Investing in programs such as these are very important; however, the National Guard did report that the success of the program hinges on the voluntary participation. She thought it important to point out that if it is an involuntary program, the federal match would be lost. She suggested that we could require local school districts to develop effective drop out prevention or mediation programs modeled after the JAG program. Mr. Kennedy stated that when the National Guard testified in his group, they thought it was a great idea. He stated there is a funding issue. Ms. Davis stated that the National Guard has told them that the success of the program relies on voluntary participation and then asked for an amendment to require this be done with MFP dollars at the local school districts but having an alternative for non-voluntary participation. Mr. Kennedy requested that we make it subject to working out the details but that the money would have to come from the MFP.

Rep. Geymann had concerns with regard to requiring this to take place after five days of suspension and the implementation by the local schools and that it should allow flexibility. Mr. Kennedy suggested that the principal should be flexible. Mr. Martin suggested that we make it a pilot program. Mr. Kennedy objected and thought that we should do it or not do it and no more pilot programs.

Rep. Geymann requested that an amendment be put in to state "who has more than 10 unexcused absences or who is suspended more than 5 days a year, subject to the disapproval of the principal". Mr. Erwin thought this recommendation should be worked on more regarding the issues of the National Guard, adjudicated children not being able to participate and made a substitute motion that it be deferred. Rep. Geymann stated that Treasurer Kennedy could voluntarily defer this until the next meeting and Treasurer Kennedy agreed to defer this until the next meeting.

AGEB #10 Direct state government to reduce the number of state government positions by at least 5,000 positions for each year of the next three years pro-rata by department through vacancies and attrition and without reducing the quality of products or services. Department heads are directed in their reorganization efforts to study and take into account layers of management, spans of control, clerical staffing levels, unit consolidation, process re-engineering restructuring, retraining for enhanced skills and headquarters staffing reductions. Department heads should increase productivity by providing training opportunities for employees who wish to learn new skills or improve old skills. To use 20% of the savings to increase compensation for employees taking on additional responsibilities.

Rep. Morris requested that Treasurer Kennedy defer this to allow more time for the advisory group to study. There is information that he is waiting on. Mr. Kennedy responded that his group had received information from Civil Service that showed there were 98,948 employees and then states there are 102,364 state employees, and that the number of unclassified employees is growing. In 2005, we had 65,252 classified employees and today we have 61,182. He then referred to other data from various areas. With no objections, this recommendation was deferred temporarily. Mr. Kennedy reminded everyone that this was temporary only with the understanding that it will be brought back up. Senator Donahue assured Mr. Kennedy that it would be put on the agenda again and would be heard with the other recommendations regarding state employees.

AGEB #11 Elimination of tolls on the Crescent City Connection Bridge in New Orleans on December 31, 2012, when the toll-supported bonds are paid off. The ferries will not be closed.

Mr. Kennedy stated that \$22 million is taken in and \$27 million is spent. They have 240 employees and that payroll and operating expenditures is \$55.6 million and insurance of \$21.8. People are being charged to cross the bridge, yet running a deficit. If the tolls were eliminated, the 240 people would not be needed. He then discussed maintenance of the bridge. Commissioner Davis asked if a local referendum could be done or at least get input from the local area on providing maintenance for the bridge. She stressed that this was a local issue and that the administration does not get that involved in local issues. Mr. Kennedy thought it was not a local issue as it was administered by the bureaucracy of DOTD and that DOTD has always threatened to shut down the ferries if we stop the tolls.

Mr. Hardman was concerned about the 240 employees and wanted to know what would happen to them. Mr. Erwin said there was a recommendation coming from Mr. Martin's advisory group regarding the ferries and that it was another whole issue and should be taken out of this recommendation. Senator Donahue gave information on the maintenance of the bridge and how the state would have to take over it. Also, the employees would be dismissed and the State Police would be required to patrol the bridge. He thought this proposal to be premature and objected to it.

Rep. Billiot came forward to clarify that the tolls were to expire in 12/2012. His major concern was the employees and the police and stated that some decisions as to what should be done, regarding maintenance, if the tolls were stopped. Senator Donahue gave his experience and stated that there

was a problem with the make up of the commission as it does not operate properly. He thought the only way to maintain the bridge was to keep the tolls.

Senator Donahue had objected to the adoption of this resolution and a vote was taken. By a vote of 2 yeas (Kennedy, Kolb) and 8 nays (Donahue, Martin, Davis, Erwin, Geymann, Hardman, Michot, Morris), the motion failed to carry.

AGEB #12 Direct the Division of Administration to determine the current fair market value and the "highest and best use" of each state-owned property, and to develop opportunities for the state to enter into public-private development partnerships with private and non-profit public partners, chosen by competitive bid, in order to develop and manage state-owned real estate in a manner that achieves the "highest and best" use of the property, increases cash flow for taxpayers, meets smart growth principles, and satisfies the highest standards of design and environmental sustainability

Mr. Kennedy read the recommendation and Ms. Davis expressed that she liked it but noticed the fiscal note of \$29.6 million. She then recommended an amendment to "instead of determining the current fair market value, to determine the value and highest best use" as when you say current market value, it does cost money to evaluate properties. She asked for adoption of the amendment. The wording would be "To direct the DOA to determine the value and the highest and best use". There were no objections to the motion. There were no objections to adopting the recommendation.

AGEB #13 Requiring members of the legislature, statewide elected officials, members of the Board of Elementary & Secondary Education and the Superintendent of Education for the State of Louisiana to substitute teach in a La. public school without pay at least two times a year.

Mr. Kennedy stated that the purpose of this would be to show those who deal with costs and policies what happens and what the classroom is really like. Rep. Morris objected to the recommendation because he did not think everyone would be qualified to teach. Senator. Michot had concerns regarding mandates. As Rep. Morris objected to this, a vote was taken. By a vote of 1 yeas (Kennedy) and 8 nays (Donahue, Martin, Davis, Erwin, Geymann, Kolb, Michot, Morris), the motion failed.

AGEB #14 Develop cooperative arrangements with Arkansas and Mississippi which would identify and explore creative, synergistic opportunities to make the operation of state government and the provision of state government services more cost effective and efficient.

Mr. Kennedy stated this was modeled after another program in other states. After explaining and giving examples, the recommendation was adopted with no objection.

AGEB #15 Sunset and abolition of all special funds (with some exceptions) and the statutes establishing such special funds as of June 30, 2011. All monies associated with such funds would revert to the State General Fund

Mr. Kennedy explained that there are 390 special funds dedicated by statute, not constitutional dedications. He discussed the exceptions (grants, donations, court orders, bond contracts, retirement). To do this, he thought legislation needed to be passed stating that unless it is rededicated, it will not be available. Senator Michot then discussed a previous bill dealing with this and the review of those and then discussed the PSC and how their funds were tapped into. Senator Michot then offered an amendment to "sunset all special funds with some exceptions after a full and comprehensive review of such funds and that such full and comprehensive review shall be completed by 12/31/2010." Mr. Guillot wanted to be sure of where the review would come from. The amendment was changed to state where the review would be done. There were no objections to the adoption of the amendment. There were also no objections to the adoption of the recommendation.

Senator Donahue reverted to IV Receive Advisory Group Recommendations to allow Senator Michot to present the IT Integration proposals.

AGIT #1 To recommend that legislation be enacted to allow reverse auctions

Senator Michot stated that this intriguing proposal would allow any interested vendor to pre-register for the auction on-line. This works in other states but will require statutory change in that our current law provides for sealed bids.

AGIT #2 To recommend that all agencies, departments, and statewide elected officials, except higher education, "opt in" to the LaGov (ERP) project.

Senator Michot stated that there was a press conference held on this last week and that they were moving forward with this proposal.

AGIT #3 To continue the implementation of the LaGov (ERP) project

This one is along the same lines as #2, it will just continue implementation of the project.

AGIT #4 To consolidate the state's data processing assets to move to a centralized data environment

Senator Michot stated there needed to be more efficiency in this area and this was a comprehensive plan. Ms. Davis suggested inserting "for the benefit of savings" into the proposal. Ms. Davis called it to his attention that they had included statewide elected officials to this and that they should include it in the verbiage to reflect this.

AGIT #5 To continue the implementation of e-mail as a statewide, shared enterprise service

Ms. Davis stated that under key implementation responsibilities for consolidation as well as shared e-mail, they included elected officials in it, and the commission might want to correct the language to include them.

AGIT #6 To implement an IT spend analysis/agency efficiency scorecard.

Senator Michot explained that the state is currently spending over \$500 million per year on IT and this would allow us to get a more detailed analysis of spending and how we can make the agencies more efficient through IT.

AGIT #7 Encourage enterprise IT procurement partnership for systems, services, hardware and software implementation of a project management organization with the Office of IT

Senator Michot stated that there was an opportunity to consolidate in this area.

AGIT #8 To implement a single infrastructure for external health care universities

Senator Michot stated this would be through DHH and LSU Health Services along with DOA to create an exchange health care records.

AGIT #9 To implement a management of enterprise data center infrastructure

This one was along the same lines, but just to continue it and to set up a secure network. Ms. Davis stated that it needed to be changed also to add statewide elected officials like the previous ones.

Senator Michot then explained that they had received testimony on the cost and burden of traditional text books and that their group was recommending that we move to digital text books for the students. This recommendation should be #10.

Mr. Martin was then called on to present his proposals. He reminded everyone that they were being read as suggestions and may not be worded exactly right.

Martin #10 - The Workforce Commission write an RFP to privatize issuance and distribution of certificates to one-stop participants for a savings of \$65,000.

Martin #11 - Write an RFP to outsource DEQ laboratory service division, which would include personnel elimination as well for a savings of \$1,642,500.

Martin #12 - DEQ look at leasing office and warehouse space from Ag at reduced rates for a savings of \$70,000

Martin #13 - DEQ cease operations of the library for a savings of \$270,000.

Martin #14 - DEQ reduce 20 TO's through their ongoing streamlining opportunities for a savings of \$1,262,500.

Martin #15 - Wildlife & Fisheries consolidate the litter hotline from DEQ for a savings of \$70,000.

Martin #16 - Wildlife & Fisheries consolidate the marine and inland and wildlife facilities at the Lacombe hatchery.

Martin #17 - Public Safety write an RFP to outsource background checks.

Martin #18 - Eliminate the oil spill coordinator's public outreach program for a savings of \$112,000.

Martin #19 - Public Safety to eliminate the in-person hearings and submit papers for the hearings on DWI license suspensions for a savings of \$1.4 million

Martin #20 - Public Safety outsource the hazardous 24-hour hotline.

Martin #21 - Public Safety implement a vendor operated mail room for a savings of \$1.5 million

Martin #22 - Public Safety write an RFP to outsource commercial fleet registration for interstate jurisdictions

Martin #23 - Public Safety, Health & Hospitals and Veteran Affairs to automate their time and attendance system for a savings in excess of \$1 million

Martin #24 - Public Safety to review the feasibility of privatizing IT services and selected vendor managed services - He asked that this be referred to Senator Michot's IT Advisory Group and withdrew it.

Martin #24 - To review an RFP to outsource the call center for a savings of \$1 million

Martin #25 - Corrections to convert Forcht Wage into a substance abuse facility and review feasibility of privatizing that facility. Rep. Morris was under the impression that this was to be discussed by the area delegation before any proposals were to be made and wanted to make sure this had not circumvented them. Mr. Martin withdrew this to allow that to happen.

Martin #25 - Veteran Affairs to review an RFP to see if feasible to outsource pharmacy services at veteran homes.

Martin #26 - RFP to review the feasibility of outsourcing physician services at veteran homes.

Martin #27 - review feasibility of outsourcing competitive therapy services at veteran homes.

Martin #28 - Veteran Affairs to review outsourcing food contracts of veteran homes.

Mr. Kennedy then informed the commission that he was directed to hear all of the recommendations that Mr. Martin had introduced but since Mr. Martin would be hearing them in his advisory group, that there would be duplication and Mr. Kennedy stated that his advisory group would not hear them.

The commission then reverted to Consideration of Advisory Group recommendations as they had passed over several of Mr. Kennedy's group.

AGEB #2 The governor and the legislature authorize and direct the LSU Health System to adopt the recommendations of Alvarez and Marsal for the operation of the interim Charity Hospital in New Orleans. The governor and legislature direct each other charity hospital in La. to contract for a similar financial and operational assessment

with a third-party private sector consulting firm, such as but not necessarily Alvarez and Marsal, that specializes and has a proven track record in turnaround management, corporate restructuring and performance improvement for institutions and their stakeholders.

This one had already been presented earlier. Mr. Erwin presented an amendment that would change the language to read "the LSU health system should strongly consider all recommendations of Alvarez & Marsal for the operation of the interim Charity Hospital in New Orleans and if requested, submit to the JLCB an explanation of why any recommendations were not implemented. Other charity hospitals should also be directed to study the findings of the Alvarez & Marsal report or contract for a similar financial and operational assessment from a third party private sector consulting firm or the legislative auditor." Mr. Kennedy stated that the study saved \$72 million in New Orleans and if some of the recommendations were unreasonable, they could go to the JLCB, but if we can save money at other hospitals, we should do it. He then objected to the amendment. After a vote to adopt the amendment, the amendment failed with a vote of 3 yeas (Erwin, Geymann, Kolb) and 6 nays (Donahue, Martin, Davis, Kennedy, Kolb, Morris).

AGEB #3 To limit the number of emergency room visits to two annually for treatment of non-emergency medical conditions for Medicaid enrollees under La's Medicaid Program who wish to have Medicaid pay for their treatment, and for patients who are not covered by a public or private insurance program, and therefore are uninsured, and who wish to receive their treatment without cost or substantially without cost because they are unable to pay for their treatment.

This one had also been passed over earlier. PAR has done a study and they estimate 900,000 ER visits per year for non-emergency treatment at a cost of \$500 per visit. Mr. Martin stressed that a lot of Medicaid enrollees were children and that we cannot limit that. He then asked for the recommendation be deferred to let someone in DHH write the recommendation in a manner that would be acceptable to the federal government yet accomplish the purpose. Mr. Kennedy stated that if there were objections, he wanted to address them and then requested for this one to be referred back to his advisory group. There were no objections to his request.

AGEB #5 Provide that a La. state prisoner, except those determined to have certain disabilities, who does not have a high school diploma, or who has not passed the General Education Development test (GED) certifying that he has American high school academic skills, shall not be eligible for probation or parole until he has passed the GED through a program offered by the La. DPS&C. To provide funds to the DPS&C for this responsibility.

This recommendation had also been skipped over earlier. Mr. Kennedy went over this recommendation again stating all the testimony heard on this issue. After much discussion regarding the possible cost of doing this, Mr. Erwin requested that a fiscal note be secured on this. Mr. Kennedy then requested that it be referred back to his advisory group so that he could obtain this information. There were no objections to the request.

AGEB #6 Prohibit all state appropriations to non-governmental entities.

Senator Donahue stated that this recommendation would be taken up at the next meeting.

VI. PUBLIC COMMENT

Allison Neustrom, La. Association of Non-Profit Organizations, stepped up to give testimony regarding what their functions were. She stated they believe they should succeed in competition for state funds. She added that line item funding is very transparent, competitive and ethical. They agree that organizations receiving government funding should be held to clear outcomes for timely and efficient services. They also believe that complete elimination of line item support would have a detrimental effect on state government. She gave examples of their services. She asked the commission to consider two key considerations, sustaining investments for value of services and that consideration should be given to the timely processing of contracts and reimbursement for services.

VII. OTHER BUSINESS

Senator Donahue announced that the next meeting will be next Tuesday, November 3, 2009, at 9:00 a.m. He stated that this meeting would be an all day meeting, as we need to get through all of the proposals. He added that the commission would meet every Tuesday but if necessary, we could add meetings. He also stated that we would plan a special meeting for some of the larger issues, such as Charity Hospital, but those would be announced later.

IV. ADJOURNMENT

There being no other business to conduct, Senator Donahue motioned to adjourn; no objection. The meeting adjourned at approximately 5:04 p.m.

November 3, 2009

DATE APPROVED

Jack Donahue, Commission Chairman